



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

MARIA M. OMS
CHIEF DEPUTY

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JUDI E. THOMAS

April 15, 2010

TO: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

A handwritten signature in blue ink, reading "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **CHICANA SERVICE ACTION CENTER CONTRACT REVIEW – A
DEPARTMENT OF PUBLIC SOCIAL SERVICES GENERAL RELIEF
OPPORTUNITIES FOR WORK PROGRAM PROVIDER**

We have completed a program, fiscal and administrative contract review of Chicana Service Action Center (CSAC or Agency), a Department of Public Social Services (DPSS) General Relief Opportunities for Work (GROW) Program provider.

Background

DPSS contracts with CSAC, a private non-profit organization to provide employment and training services to help General Relief program recipients obtain jobs and achieve self-sufficiency. The contract services include Orientation, Rapid Employment and Promotion Activity and Job Skills Preparation Class. The Agency provided services to residents of all Supervisorial Districts during Fiscal Year (FY) 2008-09.

DPSS compensates CSAC at a fixed monthly fee for each type of service. DPSS paid CSAC approximately \$685,000 for FY 2008-09.

Purpose/Methodology

The purpose of our review was to determine whether CSAC complied with the contract terms and appropriately accounted for and spent GROW funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's

accounting records, internal controls, and compliance with federal, State and County guidelines. In addition, we interviewed a number of the Agency's staff and clients.

Results of Review

The program participants met the eligibility requirements for the GROW Program, and CSAC met the contract's performance outcome measures, maintained adequate internal controls and appropriately charged payroll expenditures to the GROW Program. In addition, the Agency's staff possessed the required qualifications and CSAC's Cost Allocation Plan was prepared in compliance with the County contract and used to appropriately allocate shared program costs.

The County contract does not include provisions requiring the Agency to return or reinvest unspent GROW Program funds and allowing the County to recover costs that are inappropriately charged to the Program. CSAC received \$684,696 from DPSS for the GROW Program for FY 2007-08. However, CSAC inappropriately charged approximately \$17,500 to the Program for subcontractor costs without obtaining prior DPSS approval as required by the contract. As a result, the Agency's allowable Program expenditures totaled \$675,767, which is \$8,929 (\$684,696 - \$675,767) in unspent Program funds that the contract allowed the Agency to retain. In their response (Attachment II), DPSS agreed with our recommendation to work with County Counsel to amend the contract language to include provisions requiring agencies to return or reinvest unspent revenues and allowing the County to recover costs that are inappropriately charged to the program.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with CSAC and DPSS in December 2009. CSAC's response (Attachment I) and DPSS' response (Attachment II) indicate agreement with our findings and recommendations.

We thank CSAC for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC:AA

Attachments

c: William T Fujioka, Chief Executive Officer
Philip L. Browning, Director, Department of Public Social Services
Sophia Esparza, Chief Executive Officer, Chicana Service Action Center
Silvia Gutierrez, Chief Financial Officer, Chicana Service Action Center
Phyllis Navarrette, Chairperson, Chicana Service Action Center
Public Information Office
Audit Committee

**GENERAL RELIEF OPPORTUNITIES FOR WORK PROGRAM
CHICANA SERVICE ACTION CENTER
FISCAL YEAR 2008-09**

ELIGIBILITY

Objective

Determine whether Chicana Service Action Center (CSAC or Agency) provided services to individuals that met the eligibility requirements of the General Relief Opportunities for Work (GROW) Program services.

Verification

We visited two CSAC service sites and reviewed the case files for 30 (3%) of the 1,003 program participants that received services during July and August 2008.

Results

All 30 program participants met the eligibility requirements for GROW Program services.

Recommendation

None.

PROGRAM SERVICES

Objective

Determine whether CSAC provided the services in accordance with the County contract and GROW guidelines. In addition, determine whether the program participants received the billed services.

Verification

We reviewed the case file documentation for 30 program participants that received services during July and August 2008. We also interviewed 11 participants.

Results

CSAC provided the services in accordance with the County contract and the program participants interviewed stated that the services they received met their expectations.

Recommendation

None.

STAFFING QUALIFICATIONS

Objective

Determine whether CSAC staff possessed the qualifications required by the County contract.

Verification

We reviewed the personnel files for 17 CSAC employees.

Results

CSAC's staff possessed the qualifications required by the County contract.

Recommendation

None.

PERFORMANCE OUTCOMES

Objective

Determine whether CSAC met the planned performance outcomes as outlined in the County contract and properly reported the performance outcomes to the Department of Public Social Service (DPSS). The performance outcomes included maintaining attendance records, session schedules and curriculums for GROW Program services. The performance outcomes also included maintaining an acceptable full-time job placement rate of at least 8% of the actual number of participants who started Rapid Employment and Promotion and/or Job Skills Preparation class sessions.

Verification

We reviewed the Agency's Monthly Management Report that lists the participants and the services received. We also reviewed attendance records and employment verification forms.

Results

CSAC met the performance outcome measures outlined in the County contract.

Recommendation

None.

CASH/REVENUE**Objective**

Determine whether cash receipts and revenue were properly recorded in CSAC's financial records and deposited timely in their bank account. In addition, determine whether the Agency maintained adequate controls over cash.

Verification

We interviewed CSAC personnel and reviewed financial records including the Agency's bank reconciliation for September 2008.

Results

CSAC maintained adequate controls to ensure that revenue was properly recorded and deposited timely.

Recommendation

None.

UNSPENT REVENUES

California Department of Social Services (CDSS) policy requires DPSS to use a fixed fee method when contracting for services involving State funds unless DPSS obtains CDSS approval to use a different method. The GROW Program is partially funded by the State. In addition, DPSS compensates CSAC at a fixed fee rate for each type of service provided. However, CSAC's GROW contract with the County does not include provisions requiring the Agency to return or reinvest unspent Program funds and allowing the County to recover costs that are inappropriately charged to the Program. CSAC received \$684,696 from DPSS for the GROW Program for FY 2007-08. However, the Agency's allowable Program expenditures totaled \$675,767, which is \$8,929 (\$684,696 - \$675,767) in unspent Program funds that the contract allowed the Agency to retain.

DPSS has other fixed fee GROW contracts that do not require agencies to return or reinvest unspent revenues or allow the County to recover costs that are inappropriately charged to the program. To ensure GROW funds are used for their intended purpose, DPSS needs to work with County Counsel to amend the GROW contracts to include provisions requiring agencies to return or reinvest unspent revenues and allowing the County to recover costs that are inappropriately charged to the program. DPSS should also obtain any necessary CDSS approval to amend the contracts.

Recommendations**DPSS management:**

1. Work with County Counsel to amend the GROW contracts to include provisions requiring agencies to return or reinvest unspent revenues and allowing the County to recover costs that are inappropriately charged to the program.
2. Obtain any necessary CDSS approval to amend the contracts.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures were allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed CSAC personnel and reviewed financial records and other documentation for 24 non-payroll expenditures totaling \$15,333 that the Agency charged from July 2007 through September 2008.

Results

CSAC's expenditures were generally allowable and properly documented. However, CSAC inappropriately expensed \$17,542 for subcontractor costs without obtaining prior DPSS approval to subcontract as required by the contract. CSAC's contract does not include provisions that allow the County to recover costs that are inappropriately charged to the GROW Program.

Recommendation

See Recommendation # 1 above.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether CSAC maintained sufficient internal controls over its business operations and if the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed CSAC personnel, reviewed their policies and procedures manuals and conducted on-site visits.

Results

CSAC maintained sufficient internal controls over its business operations and complied with other program and administrative requirements.

Recommendation

None.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether the Agency's fixed assets and equipment purchased with GROW funds were used for the GROW Program and were safeguarded.

We did not perform test work in this section as CSAC did not use GROW funds to purchase fixed assets or equipment.

Recommendation

None.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll expenditures were appropriately charged to the GROW Program. In addition, determine whether CSAC obtained employee background clearances and verified employment eligibility for the employees assigned to the GROW Program.

Verification

We traced the payroll expenditures for 17 employees totaling \$18,346 for September 2008 to CSAC's payroll records and time reports. We also interviewed staff and reviewed 17 personnel files for staff assigned to the GROW Program.

Results

CSAC appropriately charged payroll expenditures to the GROW Program and obtained employee background clearances for staff assigned to the Program.

Recommendation

None.

COST ALLOCATION PLAN**Objective**

Determine whether CSAC's Cost Allocation Plan was prepared in compliance with the County contract and if the Agency used the Plan to appropriately allocate shared program costs.

Verification

We reviewed the Cost Allocation Plan and a sample of expenditures CSAC incurred from July 2007 through September 2008.

Results

CSAC's Cost Allocation Plan was prepared in compliance with the County contract and the costs were appropriately allocated.

Recommendation

None.

January 29, 2010

SOPHIA ESPARZA
Chief Executive
Officer

Wendy Watanabe, Auditor-Controller
County of Los Angeles
Department of Auditor-Controller
Countywide Contract Monitoring Division
350 South Figueroa Street, 8th Floor
Los Angeles, California 90071

**RE: CHICANA SERVICE ACTION CENTER - AUDITOR
CONTROLLER REVIEW OF GROW PROGRAM FY 2007-2008**

Chicana Service Action Center is in receipt of the Audit Report from the on-site review which was conducted for the GROW Program FY 2007/2008. CSAC has reviewed the report and is satisfied with the outcome. Per the report CSAC does not have findings and/or recommendations. We wish to take this opportunity to express our gratitude for your assistance and support during and after the Audit.

Should you have any questions and/or concerns regarding this matter, or need additional information please contact me at (213) 629-5800.

Sincerely,

Silvia Gutierrez
Chief Financial Officer

CHICANA SERVICE
ACTION CENTER, INC.
CORPORATE AND
ADMINISTRATIVE OFFICES
315 West 9th Street
Los Angeles, California 90015
(213) 629-5800
Fax (213) 430-0867
TTY: (213) 430-0860

Downtown One Stop
We provide a temporary Center
315 West 9th Street, Suite 101
Los Angeles, California 90015
(213) 629-5800
Fax (213) 430-0867

EAST LOS ANGELES
ONE STOP CAREER CENTER
3001 E. First Street
Los Angeles, CA 90002
(323) 584-0007
Fax (213) 430-0867

POMONA EMPLOYMENT
AND EDUCATION CENTER
630 N. Park Avenue
Pomona, California 91767
(909) 860-0863
Fax (909) 369-3171

EMPLOYMENT AND
EDUCATION CENTER
West Pacific Blvd., Suite F-5
Hawthorne, CA 90226
(310) 584-0808
Fax (310) 584-0808

NATIONAL RELIEF OPPORTUNITY
FOR WORK (GROW)
315 West 9th Street, Suite 101
Los Angeles, California 90015
(213) 629-5800
Fax (213) 430-0867

SOUTH OPPORTUNITIES SYSTEM
County Administrative Office
315 West 9th Street, Suite 101
Los Angeles, California 90015
(213) 629-5800
Fax (213) 430-0867

SOUTH OPPORTUNITIES SYSTEM
Youth Full Chance Project Site
4084 Wilshire Blvd. 200
Los Angeles, CA 90010
(213)
Fax (213)

CALIFORNIA YOUTH
315 West 9th Street, Suite 101
Los Angeles, California 90015
(213) 629-5800
Fax (213) 430-0867

EMPLOYMENT HOTLINE
1-800-643-0878
TTY: (213) 430-0860

SOCIAL SERVICES
BILINGUAL SHELTER
FOR FAMILIES IN DOMESTIC
VIOLENCE
24 HOUR HOTLINE
(800) 643-0878
Post Office Box 23308
Los Angeles, CA 90023
HOTLINE
(323) 268-7994

FREE SHELTER
FOR FAMILIES IN
DOMESTIC VIOLENCE
Post Office Box 23308
Los Angeles, CA 90023
24 HOUR HOTLINE
(213) 987-1312

Domestic Violence Supportive
Services Project
CalWORKs Phase II
West Pacific Blvd., Suite F-5
Hawthorne, CA 90226
(310) 584-0808
Fax (323) 609-9002

WOMEN'S COMPREHENSIVE
ONE STOP
315 West 9th Street, Suite 101
Los Angeles, California 90015
(213) 629-5800
Fax (213) 430-0867

SPEAKERS
BUREAU DIVISION
315 West 9th Street, Suite 101
Los Angeles, California 90015
(213) 629-5800
Fax (213) 430-0867

WOMEN'S FAMILIES
TOWNSHIP
SHELTER SHELTER
315 West 9th Street, Suite 101
Los Angeles, California 90015
(213) 629-5800
Fax (213) 430-0867

QUAD-COUNTY EDUCATION
PREVENTION PROGRAMS
24 HOUR HOTLINE
(800) 781-7788

WOMEN'S FAMILIES
CENTER OF SAN GABRIEL
POMONA VALLEY
630 N. Park Avenue
Pomona, California 91767
(909) 860-0863
Fax (909) 369-3171

LITTLE GIRLS
DAY CARE CENTER
630 N. Park Avenue
Pomona, California 91767
(909) 860-0863
Fax (909) 369-3171

TRANSTHOMAS HOUSING
Pomona Gardens / Pueblo Del Rio
315 West 9th Street, Suite 101
Los Angeles, California 90015
(213) 629-5800
Fax (213) 430-0867

CSAC VOLUNTEER PROGRAM
Pomona Gardens / Pueblo Del Rio
315 West 9th Street, Suite 101
Los Angeles, California 90015
(213) 629-5800
Fax (213) 430-0867

WEL OPPORTUNITY EMPLOYER / PROGRAM • AUXILIARY AIDS AND SERVICES ARE AVAILABLE UPON REQUEST TO INDIVIDUALS WITH DISABILITIES.

County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES

12860 CROSSROADS PARKWAY SOUTH • CITY OF INDUSTRY, CALIFORNIA 91746

Tel (562) 908-8400 • Fax (562) 908-0459



PHILIP L. BROWNING
Director

SHERYL L. SPILLER
Chief Deputy



Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

February 22, 2010

TO: Wendy L. Watanabe
Auditor-Controller

A handwritten signature in black ink, appearing to be 'P. Browning', written over the 'FROM' line.

FROM: Philip L. Browning, Director

**SUBJECT: CHICANA SERVICE ACTION CENTER CONTRACT REVIEW – A
DEPARTMENT OF PUBLIC SOCIAL SERVICES GENERAL RELIEF
OPPORTUNITIES FOR WORK PROGRAM PROVIDER**

This is to provide you with our response to the Auditor-Controller's (A-C) recommendations based on the A-C's review of the subject contract for Fiscal Year 2007-08.

Recommendations

- 1) Work with County Counsel to amend the GROW contracts to include provisions requiring agencies to return or reinvest unspent revenues and allow the County to recover costs that are inappropriately charged to the program.
- 2) Obtain California Department of Social Services (CDSS) approval to amend the contracts, if necessary.

Response

We agree with these recommendations and will work with County Counsel to implement them. We intend to amend the GROW contracts to include the unspent revenues provision by December 31, 2010.

Also, on January 28, 2010, we sent a letter to CDSS requesting approval to include an unspent revenues provision in all of the Department's fixed-fee contracts with private, non-profit agencies. CDSS Regulation 23-604.3.374 requires the firm-fixed price method of reimbursement for agreements with non-public/non-governmental agencies.

Please let me know if you have any questions.

PLB:ab